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April 17, 1998

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RECORDATION NO. 21345

FILED

APR 20 '98

4-00PM

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RECORDATION NO. 21345

FILED

APR 20 '98

4-00PM

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RECEIVED
SURFACE TRANSPORTATION
BOARD

VIA FEDERAL EXPRESS

Vernon A. Williams, Secretary
Surface Transportation Board
1925 K Street, NW
Room 711
Washington D.C. 20423

Re: Documents for Recordation

Dear Mr. Williams:

I am enclosing an original and one copy of the documents described below to be recorded pursuant to Section 11303 of Title 40 of the U.S. Code.

Both documents are Security Agreements. The primary document is a Security Agreement between The Elk River Railroad, Inc., as Guarantor, in favor of The Huntington National Bank, dated December 23, 1997. The secondary document is a Security Agreement between The Elk River Railroad, Inc., as Affiliate, in favor of William T. Bright, dated December 23, 1997. Both documents secure the same collateral, described in detail below.

The names and addresses of the parties to the documents are as following:

A. Primary Document

Primary Guarantor: The Elk River Railroad, Inc.
P.O. Box 460
Summersville, West Virginia 26651

Secured Party: The Huntington National Bank
One Huntington Square
Charleston, West Virginia 25301

B. Secondary Document

Affiliate: The Elk River Railroad, Inc.
P.O. Box 460
Summersville, West Virginia 26651

A

Secured Party: William T. Bright
P.O. Box 460
Summersville, West Virginia 26651

A description of the equipment covered by both Security Agreements is as follows:

Asset No. 1 Serial No. 8337
Type: Locomotive
Make: GP 10
Year: 1974

1850 Horsepower Engine

Locomotive #1 is custom painted. The primary color is blue with a grey stripe. Elk River is painted on the side with the locomotive # which is #1.

Asset No. 2 Serial No. 8060
Type: Locomotive
Make: GP 10
Year: 1969

1850 Horsepower Engine

Locomotive #2 is custom painted. The primary color is blue with a grey stripe. Elk River is painted on the side with the locomotive # which is #2.

Asset No. 3 Serial No. 1750
Type: Locomotive
Make: GP 10
Year: 1976

1750 Horsepower Engine

Locomotive #3 is custom painted. The primary color is blue with a grey stripe. Elk River is painted on the side with the locomotive # which is #3.

Asset No. 4

Serial No. 872
Type: Locomotive
Make: GP 9
Year: 1959

1750 Horsepower Engine

Locomotive #4 is custom painted. The primary color is blue with a grey stripe. Elk River is painted on the side with the locomotive # which is #4.

Asset No. 5

Serial No. 885
Type: Locomotive
Make: GP 9
Year: 1959

1750 Horsepower Engine

Locomotive #5 is custom painted. The primary color is blue with a grey stripe. Elk River is painted on the side with the locomotive # which is #5.

A check from our Firm in the amount of \$52.00 is enclosed, representing the filing fee of \$26.00 per document. Please return the original and any extra copies not needed by the Board for recordation to me.

A short summary of the documents to appear in the index is as follows:

A. Primary Document

Security Agreement between The Elk River Railroad, Inc., a West Virginia corporation, in favor of The Huntington National Bank, a national banking association, dated December 23, 1997, and covering 5 locomotives.

Vernon A. Williams
April 17, 1998
Page 4

B. Secondary Document

Security Agreement between The Elk River Railroad, Inc., a West Virginia corporation, in favor of William T. Bright, an individual, dated December 23, 1997, and covering 5 locomotives.

Please give me a call at the above number if you have any questions or comments. Thank you very much for your assistance in this matter.

Very truly yours,



Lee van Egmond

LvE/db

Enclosure

cc: Deborah A. Sink, Esq. (w/o encl.)
James E. Davis (w/o encl.)

CHASFS3:119576

SECURITY AGREEMENT

APR 20 '98

4-00PM

THIS SECURITY AGREEMENT, dated as of this 23rd day of December, 1997 (referred to hereinafter as the "Security Agreement"), by the undersigned party (the "Affiliate"), whose address is P.O. Box 460, Summersville, West Virginia 26651, in favor of **WILLIAM T. BRIGHT**, individually (referred to hereinafter as "Lender" or "Secured Party"), whose address is P.O. Box 460, Summersville, West Virginia 26651.

WITNESSETH:

WHEREAS, Lender has, of even date herewith, entered into that certain Loan Agreement by and between Lender and The Huntington National Bank, a national banking association (the "Bank"), whereby the Bank has agreed to make and the Lender has agreed to accept a loan in the principal amount of up to \$30,000,000 (the "Bank Loan"); and

WHEREAS, Lender has agreed to make certain of the proceeds from the Bank Loan available to the Affiliate and other affiliates through revolving line of credit loans in the aggregate maximum principal amount of up to \$30,000,000 (the "Aggregate Affiliate Credit Facility"), and the Affiliate has agreed to accept such a revolving line of credit loan (the "Affiliate Loan"); and

WHEREAS, the Affiliate Loan will be evidenced by a loan agreement and promissory note (the "Note") setting forth the maximum aggregate amount which the Affiliate may borrow under the Aggregate Affiliate Credit Facility; and

WHEREAS, to induce the Lender to make the Affiliate Loan, the Affiliate has agreed to grant a security interest in certain of its assets to secure repayment of such obligation.

NOW, THEREFORE, in order to secure the payment and performance of the Obligations (as hereinafter defined), and for other good and valuable consideration, the parties hereto agree as follows:

1. **Grant of Security Interest.** As security for the timely payment and performance of the Obligations of the Affiliate to the Secured Party, the Affiliate does hereby sell, assign, transfer and set over unto the Secured Party and grant to the Secured Party a security interest in the Collateral (as hereinafter defined) and agrees that the Secured Party shall have the rights stated in this Security Agreement with respect to the Collateral, in addition to the other rights which the Secured Party may have by law.

2. **Collateral.** The word "Collateral" means the following described property of the Affiliate, whether now owned or hereafter acquired, whether now existing or hereafter existing, and wherever located: (a) all inventory, accounts, chattel paper, general intangibles, documents, instruments, as such terms are defined below, and (b) all equipment and fixtures, as such terms are defined below.

As used herein, the following terms have the following meanings:

- (i) "Accounts" shall mean accounts as defined in the Uniform Commercial Code and shall include, without limitation, open accounts, accounts receivable, rights to require payment from others, other amounts and obligations owing to the Affiliate from whatever source arising, contract rights, chattel paper, notes receivable, instruments and documents (including warehouse receipts);
- (ii) "Equipment" shall mean all equipment as defined in the Uniform Commercial Code and shall include, without limitation, machinery, furniture, fixtures, office equipment and vehicles, including, without limitation, the items listed on Attachment A hereto;
- (iii) "Inventory" shall mean inventory as defined in the Uniform Commercial Code and shall include, without limitation, goods of every nature, including without limitation stock-in-trade, raw materials, work in process, items held for sale or lease, or furnished or to be furnished under contracts of sale or lease, goods that are returned, reclaimed or repossessed, and supplies and materials used or consumed in Affiliate's business;
- (iv) "Fixtures," "chattel paper," "documents," "general intangibles" and "instruments" shall have the respective meanings given to those terms in the Uniform Commercial Code.
- (v) "Uniform Commercial Code" means the Uniform Commercial Code as in effect in the State of West Virginia, except to the extent the Uniform Commercial Code of another state shall take precedence.

In addition, the word "Collateral" includes all of the following, whether now owned or hereafter acquired, whether now existing or hereafter arising, and wherever located:

- (i) All attachments, accessions, accessories, tools, parts, supplies, increases, and additions to and all replacements of and substitutions for any property described in this Collateral section.
- (ii) All products and produce of any of the property described in this Collateral section.
- (iii) All accounts, contract rights, general intangibles, instruments, rents, monies, payments, and all other rights, arising out of a sale, lease, or other disposition of any of the property described in this Collateral section.
- (iv) All cash and non-cash proceeds (including insurance proceeds) from the sale, destruction, loss, or other disposition of any of the property described in this Collateral section.

(v) All records and data relating to any of the property described in this Collateral section, whether in the form of a writing, photograph, microfilm, microfiche, or electronic media, together with all of the Affiliate's right, title, and interest in and to all computer software required to utilize, create, maintain, and process any such records or data on electronic media.

(vi) All moneys, credits and other property of any nature whatsoever of the Affiliate now or hereafter in the possession of, in transit to or from, under the custody or control of, or on deposit with (whether held by the Affiliate individually or jointly with another, and whether time or demand, general or special), the Secured Party or any affiliate of the Secured Party, including but not limited to cash collateral accounts.

(vii) All guaranties, claims, rights, remedies and privileges relating to any of the property described in this Collateral section.

3. Obligations Secured. The "Obligations" secured hereby include:

(i) The indebtedness of Affiliate and only of Affiliate evidenced by that Note executed by Affiliate and others payable to the Secured Party dated December 23, 1997, in the original principal sum of \$30,000,000, together with all renewals, extensions and modifications of such Note.

(ii) All costs and expenses of the Secured Party in the collection of the foregoing or in the collection of Collateral involving accounts, contract rights or general intangibles, including but not limited to reasonable attorneys' fees; and

(iii) All costs and expenses of the Secured Party incurred in the protection and preservation of its rights hereunder and in the protection, preservation and sale of the Collateral including, but not limited to, the payment of any taxes, levies, assessments, premiums of insurance on, repairs to, or maintenance or storage of the Collateral and any and all other out-of-pocket expenses of the Secured Party in connection with this Security Agreement or the Collateral including, but not limited to the cost of repair, if any, to realty or other property to which the Collateral is affixed and expenses in connection with any security therefor.

4. Representations and Warranties. The Affiliate further warrants to and agrees with the Secured Party as follows:

(i) Preservation of Collateral and Security Interest. The Affiliate will keep the Collateral in good order and repair at all times, will use same with reasonable care and caution, will not part with possession or ownership thereof nor lease or hire out same without the written consent of the Secured Party, and will exhibit the same to the Secured Party upon demand. The

federal, state, county or municipal law or regulation or for any unlawful purpose whatsoever. The Affiliate represents and warrants that, except for the "Permitted Liens" listed on attached Exhibit A, it has not made any prior sale, pledge, encumbrance, assignment or other disposition of any of the Collateral and the same are free from all liens, security interests, encumbrances and rights of setoff of any kind. Except as herein provided, the Affiliate will not hereafter without the prior written consent of the Secured Party sell, pledge, encumber, assign or otherwise dispose of any of the Collateral or permit any right of setoff, lien or security interest to exist thereon except to the Secured Party. The Affiliate will defend the Collateral against all claims and demands of all persons at any time claiming the same or any interest therein.

(ii) **Insurance.** Risk of loss of, damage to or destruction of all Collateral is on the Affiliate. If required by the Secured Party, the Affiliate will maintain at all times adequate insurance to the satisfaction of the Secured Party with insurers acceptable to the Secured Party against such risks of loss as are customarily insured against and in amounts customarily carried by persons owning, leasing or operating similar properties, including, but not limited to, fire, theft and extended coverage insurance in an amount at least equal to the total full insurable value of the Affiliate's equipment and inventory; *provided*, that the amount of such insurance shall at all times be sufficient to prevent the Affiliate from becoming a co-insurer under the terms of any insurance policy. Such insurance shall have a long form lender's loss payable endorsement in favor of the Secured Party, providing for at least thirty (30) days' written notice to the Secured Party prior to cancellation, and, in this regard, the Affiliate shall cause a certificate of insurance to be delivered to the Secured Party upon execution of this Security Agreement and no later than thirty (30) days prior to the expiration of any such insurance coverage. The Affiliate will also keep itself adequately insured at all times against liability on account of injury to persons or property and comply with the insurance provisions of all applicable worker's compensation laws and will effect all such insurance under valid and enforceable policies issued by insurers of recognized responsibility. The Affiliate hereby agrees to repay all sums so paid on demand as part of the Obligations. Until repayment, all such sums shall be secured by the security interests provided for herein. Schedules of all insurance of the Affiliate will be submitted to the Secured Party upon request. Such schedules will contain a description of the risks covered, the amounts of insurance carried on each risk, the name of the insurer, the cost of such insurance to the Affiliate, the then current value and market or determining value of the assets insured and the expiration date. Such schedules will be supplemented by the Affiliate from time to time promptly to reflect any change in insurance coverage. All amounts payable in settlement of insurance losses may be applied, at the Secured Party's sole discretion, on the Obligations, or used to repair, replace or restore the Collateral.

(iii) Payment or Performance by the Secured Party. At its option, the Secured Party may, but shall not be obligated to: (a) discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral; (b) pay for required insurance on the Collateral and other insurance required herein; (c) pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral; and (d) otherwise perform, keep, observe and render true and correct Affiliate's covenants, agreements, representations and warranties hereunder and under any other documents evidencing or securing the Obligations, in each case as determined by the Secured Party to be necessary. The Affiliate will reimburse the Secured Party on demand for any payment so made or any expense incurred by the Secured Party pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by the Secured Party.

(iv) Information and Actions Regarding Collateral. The Affiliate will furnish to the Secured Party from time to time if and as requested current lists of the Collateral; will continue to mark on the books of the Affiliate appropriate entries evidencing the assignment of book accounts to the Secured Party and will mark chattel paper and non-negotiable instruments to evidence the assignment thereof to the Secured Party, if the Collateral includes such categories; and, if and when requested by the Secured Party from time to time, will furnish to it copies of all purchase orders, inventory lists, billings, contracts, shipping orders, correspondence and other instruments or writings in any way evidencing or relating to the Collateral or the proceeds thereof.

(v) Possessory Collateral. The Affiliate will turn over physical possession to the Secured Party of all Collateral which requires the Secured Party to have possession thereof in order to perfect the Secured Party's security interest therein, all as the Secured Party may deem necessary or advisable from time to time in order to perfect and continue perfected said security interests as first priority security interests.

(vi) Sale of Collateral. Except for inventory sold or accounts collected in the ordinary course of Affiliate's business or disposition of obsolete equipment, Affiliate shall not sell, offer to sell, or otherwise transfer or dispose of the Collateral. So long as no Event of Default (as hereinafter defined) has occurred, Affiliate may sell inventory, but only in the ordinary course of its business and only to buyers who qualify as a buyer in the ordinary course of business. A sale in the ordinary course of Affiliate's business does not include a transfer in partial or total satisfaction of a debt or any bulk sale. Unless waived by the Secured Party, all proceeds from any disposition of the Collateral (for whatever reason) shall be held in trust for the Secured Party and shall not be commingled with any other funds; *provided*, that this requirement shall not constitute consent by the Secured

Party to any sale or other disposition. Upon receipt, Affiliate shall immediately deliver any such proceeds to the Secured Party.

(vii) Collection of Accounts; Setoff. After the occurrence of an Event of Default (as hereinafter defined), if directed by the Secured Party, or as otherwise agreed to in writing by the Affiliate and the Secured Party, the Affiliate will collect all of Collateral consisting of accounts or general intangibles or any other receivables, and whenever the Affiliate receives any payment of any of the foregoing, it will hold such payment in trust for the Secured Party and forthwith will deliver to the Secured Party the same in the form received by the Affiliate without commingling with any funds belonging to the Affiliate, and promptly will deposit the same in a special collateral account with the Secured Party. The Affiliate authorizes the Secured Party, or any employee thereof, upon the occurrence of an Event of Default to endorse the name of the Affiliate upon any checks, negotiable instruments or other items received in payment of any of Collateral consisting of accounts or general intangibles and to do all things necessary to reduce the same to cash. Upon the occurrence of an Event of Default, the Affiliate authorizes the Secured Party at any time without notice to appropriate and apply any balances, credits, deposits or accounts or money of the Affiliate in its possession, custody or control to the payment of the Obligations, all of which may at all times be held and treated as additional Collateral.

(viii) Notification of Account Debtors. At any time after the occurrence of an Event of Default and without notice to the Affiliate, or as otherwise agreed to in writing by the Affiliate and the Secured Party, the Secured Party may notify any persons who are indebted to the Affiliate on any Collateral consisting of accounts or general intangibles of the assignment thereof to the Secured Party and may direct such account debtors to make payment directly to the Secured Party of the amounts due. At the request of the Secured Party after the occurrence of an Event of Default, or as otherwise agreed to in writing by the Affiliate and the Secured Party, the Affiliate will direct any persons who are indebted to the Affiliate on any Collateral consisting of accounts or general intangibles to make payment directly to the Secured Party. The Secured Party is authorized to give receipts to such account debtors for any such payments and the account debtors will be protected in making such payments to the Secured Party.

(ix) Place of Business and Collateral Locations. The Affiliate (a) now keeps and will continue to keep its books and records concerning the Collateral at its chief executive office unless otherwise indicated below the signature lines in this Security Agreement; and (b) represents that it has no other place of business or locations where Collateral may be located.

If the Affiliate desires to remove Collateral from its existing locations (except in the ordinary course of business), establish a new location at which

Collateral may be located, establish a new name in which it may do business, invoice account debtors or maintain records concerning the Collateral, or change its current chief executive office, it shall first: (a) give the Secured Party at least thirty (30) days' prior written notice of its intention to do so and provide the Secured Party with such information in connection therewith as the Secured Party may reasonably request; and (b) take such action, satisfactory to the Secured Party, as may be necessary to maintain at all times the perfection and priority of the security interests in the Collateral granted to the Secured Party hereunder.

(x) Events of Default.

(a) Upon the occurrence of any of the following events of default (each an "Event of Default"):

- (1) Any Event of Default (as defined in any of the Obligations);
- (2) Any default under any of the Obligations that does not have a defined set of "Events of Default" and the lapse of any notice or cure period provided in such Obligations with respect to such default;
- (3) Demand by the Secured Party under any of the Obligations that have a demand feature;
- (4) The failure by the Affiliate to perform any of its obligations under this Security Agreement;
- (5) An uninsured material loss, theft, damage or destruction to any of the Collateral, or the entry of any judgment against the Affiliate or any lien against or the making of any levy, seizure or attachment of or on the Collateral; or
- (6) The failure of the Secured Party to have a perfected security interest in the Collateral,

then, and at any time thereafter, the Secured Party may declare all Obligations secured hereby immediately due and payable, without demand or notice to the Affiliate, and shall have, in addition to any remedies provided herein or by any applicable law or in equity, all the remedies of a secured party under the Uniform Commercial Code.

(b) As permitted by such Code, the Secured Party may:

- (1) Peaceably by its own means or with judicial assistance enter the Affiliate's premises and take possession of the Collateral;
- (2) Render the Collateral unusable;

- (3) Use, operate, manage, control, maintain, repair, alter or dispose of the Collateral on the Affiliate's premises;
- (4) Require the Affiliate to assemble the Collateral and make it available to the Secured Party at a place designated by the Secured Party; and
- (5) Notify the United States Postal Service to send Affiliate's mail to the Secured Party.

Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Secured Party will give the Affiliate reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. Expenses of retaking, holding, preparing for sale, selling or the like shall include the Secured Party's reasonable attorney's fees and legal expenses, incurred or expended by the Secured Party to enforce any payment due it under this Security Agreement either as against the Affiliate, or in the prosecution or defense of any action, or concerning any matter growing out of or connection with the subject matter of this Security Agreement and the Collateral pledged hereunder. The Affiliate waives all claims for damages by reason of any seizure, repossession, retention, use or sale of the Collateral under the terms of this Security Agreement.

(c) The net proceeds arising from the disposition of the Collateral after deducting expenses incurred by the Secured Party will be applied to the Obligations in the order determined by the Secured Party. If any excess remains after the discharge of all of the Obligations, the same will be paid to the Affiliate. If after exhausting all of the Collateral there should be a deficiency, the Affiliate will be liable therefor to the Secured Party. Nothing contained herein will obligate the Secured Party to proceed against any Borrower or any other party obligated under the Obligations or prior to proceeding against any other collateral for the Obligations prior to making a claim against the Collateral.

(d) Whenever notice is required by law to be sent by the Secured Party to the Affiliate of any sale, lease or other disposition of the Collateral, five (5) days' written notice sent to the Affiliate's address set forth above will be reasonable.

(xi) Rights and Remedies Cumulative. All rights and remedies granted the Secured Party hereunder and under any agreement referred to herein, or otherwise available at law or in equity, shall be deemed concurrent and cumulative, and not alternative remedies, and the Secured Party may proceed with any number of remedies at the same time until the Obligations are satisfied in full.

(xii) Power of Attorney. The Affiliate hereby irrevocably constitutes and appoints the Secured Party and any officer thereof, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of the Affiliate or in its name, from time to time in the Secured Party's discretion for the purpose of carrying out the terms of this Security Agreement, to take any and all appropriate action and to execute any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Security Agreement.

(xiii) Further Assurances. At any time and from time to time, upon demand of the Secured Party and at the Affiliate's expense, the Affiliate will give, execute, file and record any notice, financing statement, continuation statement, amendment statement, instrument, document or agreement that the Secured Party may consider necessary or desirable to create, preserve, continue, perfect or validate any security interest granted hereunder or to enable the Secured Party to exercise or enforce its rights hereunder with respect to such security interest. The Secured Party is authorized to file financing statements, continuation statements and other documents under the Uniform Commercial Code relating to the Collateral without the signature of the Affiliate, naming the Affiliate as debtor and the Secured Party as secured party.

(xiv) Notices. All notices, demands, requests, consents or approvals required hereunder must be in writing and will be deemed effective upon receipt if delivered personally to such party, sent by U.S. mail, postage prepaid or sent by nationally recognized overnight courier service, to the address set forth above or to such other address as any party may give to the other in writing for such purpose.

(xv) Waiver. No delay or omission on the part of the Secured Party to exercise any right or power arising from any Event of Default will impair any such right or power or be considered a waiver of any such right or power or a waiver of any such Event of Default or an acquiescence therein, nor will the action or non-action of the Secured Party in case of any Event of Default impair any right or power arising as a result thereof.

(xvi) Illegality. In case any one or more of the provisions contained in this Security Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

(xvii) Successors and Assigns. This Security Agreement will be binding upon and inure to the benefit of the Affiliate and the Secured Party and their respective personal representatives, heirs, distributees, successors and assigns; *provided*, that the Affiliate may not assign this Security Agreement in whole or in part without the prior written consent of the Secured Party and

the Secured Party at any time may assign this Security Agreement in whole or in part.

(xviii) Changes in Writing. No modification, amendment or waiver of any provision of this Security Agreement nor consent to any departure by the Affiliate therefrom, will in any event be effective unless the same is in writing and signed by the Secured Party, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Affiliate in any case will entitle the Affiliate to any other or further notice or demand in the same, similar or other circumstance.

(xix) Entire Agreement. This Security Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

(xx) Governing Law; Severability. This Security Agreement, all amendments hereto, all supplements hereof, and all acts, transactions, agreements, certificates, assignments and transfers thereunder, and all rights of the parties hereto, shall be governed as to their validity, enforcement, construction and effect, and in all other respects by West Virginia law. The provisions hereof are severable, and the invalidity or unenforceability of any provision shall not affect or impair the remaining provisions which shall continue in full force and effect.

(xxi) Interpretation. Whenever used herein, the singular number will include the plural, the plural the singular and the use of the masculine, feminine or neuter gender will include all genders. If more than one party signs below as the Affiliate, such parties shall be jointly and severally liable hereunder. As used herein, the term "person" will include an individual, a corporation, an association, a partnership, a trust, an organization and any other entity. The section headings of this Security Agreement are for convenience only, and will not limit or otherwise affect any of the terms hereof.

(xxii) Consent to Jurisdiction. The Affiliate hereby agrees to the jurisdiction of any state or federal court located in the State of West Virginia, and consents that all service of process may (in addition to other lawful methods) be sent by nationally recognized overnight courier service directed to the Affiliate at the Affiliate's address set forth herein, and service so made will be deemed to be completed on the business day after deposit with such courier; *provided*, that nothing contained herein will prevent the Secured Party from bringing any action or exercising any rights against the Affiliate individually, or against any property of the Affiliate within any other state or nation to enforce any award or judgment obtained in the venue

specified above. The Affiliate waives any objection to venue and any objection based on a more convenient forum in any action instituted hereunder.

WITNESS the due execution and sealing hereof with the intent to be legally bound, this 23rd day of December, 1997.

THE ELK RIVER RAILROAD, INC.,
a West Virginia corporation

By: Edward J. Hines
Its: Vice President

CHASFS3:112185

EXHIBIT A

PERMITTED ENCUMBRANCES

NAME OF BORROWER:

The Elk River Railroad, Inc.

LIENS IN FAVOR OF:

One Valley Bank - Summersville
CSXT
The Huntington National Bank

Attachment A

<u>DESCRIPTION</u>	<u>Serial Number</u>
1985 FORD F350 TRUCK	2FTHW35H4FCB09516
TRAILER (UTILITY ON RAIL WHEELS)	
ADDITION OF HI-RAILS TO BACKHOE	
MOWER ATTACHEMENT FOR BACKHOE	
1992 FORD TRUCK	1FTEF14Y3NNA84951
BATTERY CHARGER - MODEL SEQ L3439-4	
1994 FORD TRUCK	1FTHX26H2RKB97651
1971 HI-RAIL TRUCK - YELLOW	F10GPL60633
ADDITION OF HI-RAILS TO 85 FORD	
SAFETRANS MODEL C BOLT MACHINE	744-77
STORAGE TRAILER - USED	
1993 FORD EXPLORER	1FMDU34X2PUD94064
TWO TRACK JACKS, RAIL TONG, RAIL FORK BALLAST FORK	
1985 FORD BOOM TRUCK	1FD4K87U4FVA57992
LOCOMOTIVE STARTER	
COMPRESSOR Sullair Model 175-DPQ	004-100648EHI
1996 FORD EXPLORER	1FMDU34X7TUB31790
LOADRITE SYSTEM Teledyne Loadrite Model LR810 Teledyne Loadrite Model LR811 Teledyne Loadrite LD644 Data Capture Sys	
COMMUNICATION SYSTEM Comm system for all track & Vehicles	
2 CATERPILLAR LOADERS Caterpillar Model 992C	#42X1015 & #42X1028
SNOWPLOW - HEAVY FRAME Model B3401	
MOTOROLA REPEATER Radio Repeater at Wallback	

DESCRIPTION	Serial Number
LOADER BUCKET For Caterpillar loader	
LOADER BUCKET For Caterpillar loader	
CAMP CARS Office & Bunkhouse	911692 & 911331
COUNTER WEIGHT SYSTEM LOADRITE	
TRACK INSPECTION MACHINE	
PRINTERS FOR LOADRITE SYSTEM 2 LP750 Printers 2 L-20245 Y-Cable	
D9 DOZER Caterpillar D9H Tractor with 9U blade	90V1518
BALLAST REGULATOR Kershaw Model 26-2-2	S/N 26-1410
1996 FORD F-SERIES TRUCK	1FTHX26G1TEB56201
FREIGHT CAR Office	11313
TAMPER Jackson 6000	123816
COMMUNICATION SYSTEM Comm system for all track & Vehicles	
1987 GMC - C70 MECHANICS TRUCK	1GBL7D1E6HV104201
1996 FORD CHASSIS/CAB TRK WHITE	2FDKF37H5TCA66752
1997 JEEP GRAND CHEROKEE	1J4GZ58S2V606844
AVOCA LOADOUT Loadout facility built to load coal	N/A
AVOCA FREEZEPROOFING Freezeproofing system to treat coal	N/A
AVOCA POWER SYSTEM Power system for Loadout	N/A
CRANE Little Giant Crane	488228

DESCRIPTION

Serial Number

GATEWAY COMPUTER
133 MHZ Pentium Processor

529688

RAILROAD TRACK

Serial Number

LOCOMOTIVE

Unit #8337

LOCOMOTIVE - GP-10 *

Unit #1750

LOCOMOTIVE - GP-10 *

Unit #8060

CONVERT BLOCK HEATERS

LOCOMOTIVE - GP-9

Unit #872

LOCOMOTIVE - GP-9

Unit #885

LOCOMOTIVE TRUCK

LOCOMOTIVE TRUCK

LOCOMOTIVE STARTER

TRACTION MOTER

Locomotives and Parts